

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-03 FRB-01 OMB-01 TAR-01

SP-02 AGR-10 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-02 CEA-01

AF-06 ARA-10 EA-10 NEA-10 EPA-04 CEQ-01 OES-05 /120 W

----- 127850

R 301520Z JUN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 4163

INFO USUN NEW YORK 1905

US OECD PARIS 8108

USEC BRUSSELS 4715

UNCLAS SECTION 1 OF 2 GENEVA 4998

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJ: SEVENTH SESSION UNCTAD COMMITTEE ON MANUFACTURES

BEGIN SUMMARY: UNCTAD COMMITTEE ON MANUFACTURES CONCLUDED
PLENARY DISCUSSION OF FIRST SIX AGENDA ITEMS (ITEM 4 ON
LIBERALIZATION NTBS BEING HANDLED IN SESSIONAL) AND ONE
RESOLUTION TABLED DURING FIRST WEEK OF MEETINGS. SESSIONAL
COMMITTEE ON ITEM 4 HAS CONCLUDED DEBATE ON 4(A), (B), (C)
AND (E). NEAR END OF FIRST WEEK PLENARY SESSION G-77 TABLED
RESOLUTION ON TARIFF RECLASSIFICATION WHICH CALLED FOR
RECONVENING EXPERTS GROUP AND DUTY-FREE PREFERENTIAL ACCESS
TO HAND-MADE/HANDICRAFT PRODUCTS AND TROPICAL PRODUCTS.
MEETING SO FAR CHARACTERIZED BY LACK DC-LDC CONFRONTATION
AND GENERALLY MODERATE STATEMENTS FROM MOST LDCS. ONLY
POINTED COMMENT AIMED AT U.S. (ASIDE FROM TRADITIONAL
CHINESE "PLAGUE ON BOTH HOUSES," STATEMENT), MADE BY
VENEZUELA, WHICH DESCRIBED TRADE ACT AS BIGGEST
RESTRICTIVE BUSINESS PRACTICE OF THE CENTURY, SETTING
LDC ECONOMIC DEVELOPMENT EFFORTS BACK YEARS. END SUMMARY.

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1. THE FIRST WEEK OF THE COMMITTEE ON MANUFACTURES

HAS BEEN CHARACTERIZED BY LACK OF SPECIFIC OVER-ALL FOCUS FROM THE POINT OF VIEW OF THE GROUP OF 77. THE PRESENCE OF A LARGE NUMBER OF DEVELOPING-COUNTRY DELEGATIONS FROM THE MTN SEEMS TO HAVE DEFUSED SOMEWHAT THE TRADITIONAL GROUP 77 APPROACH OF SWEEPING PROPOSALS. WHILE THE GROUP 77 HAS FORMED A "TASK FORCE" TO REVIEW AND UPDATE THE HELD-OVER RESOLUTIONS ON SAFEGUARDS AND STANDSTILLS, EXPORT INCENTIVES/ COUNTERVAILING DUTIES, ADJUSTMENT ASSISTANCE, AND TEXTILE TRADE, THERE DOES NOT AS YET SEEM TO BE ANY GENERAL CONSENSUS AS TO WHAT IS WANTED. THEY ARE ALSO REPORTEDLY WORKING ON TWO RESOLUTIONS ON RESTRICTIVE BUSINESS PRACTICES, ONE ON RECONVENING AD HOC GROUP AND ONE ON SUBSTANCE. RESOLUTIONS ARE SUPPOSED TO BE TABLED BY C.O.B. JUNE 30 BUT THIS DEADLINE MAY NOT BE ADHERED TO. IT IS ANTICIPATED AT THIS POINT THAT THE OLD RESOLUTIONS THEMSELVES OR THEIR REDRAFTS WILL BE SUBMITTED THIS WEEK TO CONTACT GROUPS WITH THE FULL REALIZATION ON THE PART OF THE GROUP 77 THAT THEY WILL BE UNACCEPTABLE TO GROUP B.

2. WORK OF COMMITTEE HAS PROGRESSED TO STAGE WHERE PLENARY DISCUSSION ON AGENDA ITEMS 3, 5 AND 6 HAVE BEEN COMPLETED. AGENDA ITEM 4, LIBERALIZATION OF NTBS, BEING HANDLED IN SESSIONAL COMMITTEE AND DISCUSSION HAS BEEN CONCLUDED ON 4(A), (B), (C) AND (E). WITH EXCEPTION 4(C), TEXTILES, THERE HAS BEEN LITTLE DEBATE ON OTHER ITEMS. PAKISTAN PROPOSED THAT A UNCTAD WORKING GROUP BE ESTABLISHED TO MONITOR THE FUNCTIONING OF THE TEXTILES SURVEILLANCE BODY (TSB). SIMILARLY, JAPAN STATED IN GROUP B MEETING THAT GROUP 77 CONSIDERING HOW BEST PROVIDE FOR UNCTAD PARTICIPATION IN TSB. GHANA, SPEAKING FOR ITSELF, CALLED FOR A RESOLUTION GRANTING THE UNCTAD SYG "AUTOMATIC" ACCESS TO TNC DOCUMENTS AND PARTICIPATION IN ALL MTN NEGOTIATING SUB-GROUPS. THIS WAS IMMEDIATELY CHALLENGED BY THE BRAZILIAN DELEGATE AS A "DANGEROUS" IDEA. IT IS GENERALLY BELIEVED THAT THE GHANIAN REQUEST REFLECTED THE WISHES OF SYG COREA.

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3. AGENDA ITEM 3: TRENDS IN LDC MANUFACTURES TRADE. PLENARY DEBATE ON THIS ITEM DELAYED ONE DAY TO PERMIT DELEGATIONS TO REVIEW NEW DOCUMENT ON TRENDS AND OUTLOOK IN MANUFACTURES TRADE FOR 1974-1975. DRAWING ON SECRETARY SIMON'S MAY 29 SPEECH AT OECD MINISTERIAL AS WELL AS POSITION PAPERS, U.S. REP (BRUNGART) MADE WELL-RECEIVED STATEMENT EMPHASIZING INTER ALIA RELATIONSHIP BETWEEN EXPANDING WORLD ECONOMY AND TRADE

AND DEVELOPMENT PROSPECTS OF LOW INCOME COUNTRIES, IMPORTANCE OF PURSUING OUTWARD-LOOKING TRADE POLICIES, AND ROLE OF MTN AND GSP IN DIVERSIFICATION, AND EXPANSION OF LDC EXPORTS. US DEL TOOK ISSUE WITH UNCTAD'S PESSIMISTIC PROJECTION FOR WORLD ECONOMY AND LDC TRADE PROSPECT NOTING THAT U.S. ECONOMY HAD PASSED LOW POINT OF CURRENT RECESSION AND OUTLOOK FOR REMAINDER OF 1975 WAS FOR STEADY RECOVERY. AT SAME TIME HE RECALLED ADVERSE IMPACT ON U.S. ECONOMY RESULTING FROM INCREASED OIL PRICES. USDEL SUPPORTED STATEMENT BY INDIAN REP (CHADHA) RE NEED FOR ALL COUNTRIES TO RESIST PROTECTIONIST PRESSURES ARISING OUT OF PRESENT ECONOMIC SITUATION, AND DREW ATTENTION TO RECENTLY RENEWED OECD TRADE PLEDGE. WITH RESPECT TO GSP, U.S. INDICATED WE EXPECT ITC TO SUBMIT ADVICE ON PRODUCT LIST TO PRESIDENT BY JULY 14 AND THAT CURRENT TARGET DATE FOR GSP IMPLEMENTATION IS NOVEMBER 1.

4. DEBATE ON ITEM 5, TARIFF RECLASSIFICATION FOCUSED GENERALLY ON TECHNICAL WORK DONE IN THIS AREA BY CUSTOMS COOPERATION COUNCIL (CCC DIRECTOR HOGUET) AND LIMITATIONS TO IT AS A VIABLE TECHNIQUE FOR IMPROVING MARKET ACCESS FOR LDC PRODUCTS IN DC MARKETS. HE NOTED THAT WORK OVER THE PAST TEN YEARS TO DEVELOP A SEPARATE NOMENCLATURE FOR HAND-MADE/HANDICRAFT PRODUCTS FROM LDCS HAD BEEN DISAPPOINTING AS ALMOST

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-03 FRB-01 OMB-01 TAR-01

SP-02 AGR-10 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-02 CEA-01

AF-06 ARA-10 EA-10 NEA-10 EPA-04 CEQ-01 OES-05 /120 W

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R 301520Z JUN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 4164

INFO USUN NEW YORK 1906

US OECD PARIS 8109
USEC BRUSSELS 4716

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NOTHING IS TOTALLY MADE BY HAND. EVEN WHERE PRODUCTS ARE HAND-MADE IT IS OFTEN DIFFICULT OR IMPOSSIBLE TO MAKE DISTINCTION WITH MACHINE-MADE GOODS. HE THOUGHT SUCH PROBLEMS COULD ONLY BE HANDLED BILATERALLY OR WITHIN GATT. G-77 SPOKESMAN (CHADHA) SUGGESTED THAT UNCTAD ASK CCC TO DEVELOP TARIFF RECLASSIFICATION ON ALL PRODUCTS OF INTEREST TO LDCS. HE THOUGH THIS TECHNIQUE OFFERED GREATEST HOPE FOR DEALING WITH SENSITIVE PRODUCTS OF TYPE EXCLUDED FROM GSP, SUCH AS HAND-MADE TEXTILES, SHOES, LEATHER PRODUCTS, ETC. MOST DCS, INCLUDING U.S. SILENT IN DISCUSSION ON THIS TOPIC. GROUP 77 TABLED RESOLUTION ON TARIFF RECLASSIFICATION LATE FRIDAY AFTERNOON. MAIN POINTS CALL FOR DUTY-FREE PREFERENTIAL ACCESS TO HAND-MADE/HANDICRAFT PRODUCTS AND TROPICAL PRODUCTS AND ALSO RECONVENING OF EXPERTS GROUP (SEE SEPTTEL).

5. DISCUSSION ON ITEM 6, ENVIRONMENTAL POLICES AFFECTING LDC TRADE, WAS QUITE LIMITED WITH ONLY THE U.S. AND ONE OR TWO OTHER GROUP B MEMBERS INTERVENING. IN ADDITION TO POINTS IN POSITION PAPERS, USDEL NOTED UNCLASSIFIED

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THAT CONSULTANT'S STUDY ON U.S. ENVIRONMENTAL POLICIES AND PRACTICES HAD ONLY RECENTLY BEEN RECEIVED IN WASHINGTON AND WAS CURRENTLY UNDER REVIEW WITHIN USG.

6. CONCERNING RESTRICTIVE BUSINESS PRACTICES (ITEM 7), BRAZIL AND EGYPT ENDORSED IN MODERATE TONES IN PLENARY THE SUGGESTIONS CONTAINED IN THE DOCUMENTATION PREPARED BY THE SECRETARIAT, PLACING MORE EMPHASIS ON WORKING TOWARDS THE DEVELOPMENT OF A MODEL LAW RATHER THAN AN ALL-OUT IMMEDIATE DRIVE FOR A "CODE OF CONDUCT," AS CHARACTERIZED THE GROUP 77 EFFORTS ON TRANSFER OF TECHNOLOGY. AS CONCERNS THE DIVISION OF LABOR BETWEEN THE TECHNOLOGY AND MANUFACTURES DIVISION THERE SEEMS TO BE AN ATTITUDE WITHIN G-77, AS WELL AS WITHIN GROUP B, TO LET STAND THE DIVISION AS DEFINED AT THE SIXTH SPECIAL SESSION OF THE TDB.

7. NO REAL DEBATE ON THE TERMS OF REFERENCE OF THE AD HOC GROUP OF EXPERTS ON RBPS HAS YET DEVELOPED, ALTHOUGH A SMALL GROUP B WORKING GROUP HAS INDICATED A PREFERENCE TO DIRECT THE EXPERT GROUP EFFORTS PRIMARILY TOWARDS THE DEVELOPMENT OF THE MODEL LAW APPROACH. THERE IS NO

SUPPORT WITHIN GROUP B FOR (A) ANY CODE OF CONDUCT,
(B) ANY SET OF OVERALL GUIDELINES, (C) ESTABLISHMENT
OF AN UNCTAD COMPLAINT OFFICE (EXCEPT FOR THE NETHERLANDS),
(D) INFORMATION GATHERING ACTIVITIES (BUT THIS MIGHT BE
ASSIGNED TO THE AD HOC GROUP TO ESTABLISH ITS FEASI-
BILITY), (E) AND FOR CONSULTATIONS ON EXPORT CARTELS.
DESPITE EFFORTS REACH COMMON POSITION, GROUP B DECIDED
THAT VIEWS WERE TOO DIVERGENT AND A COMMON POSITION
THEREFORE NOT POSSIBLE. SECRETARIAT AND LDCS PROPOSED
A MEETING OF THE AD HOC GROUP OCTOBER 20-24 FOLLOWED
BY OTHER SESSIONS LATER IN 1976. USDEL MADE POINTS
CONTAINED POSITION PAPER.DALE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MANUFACTURES, COMMITTEE MEETINGS, GENERALIZED PREFERENCES (TARIFFS), MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GENEVA04998
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750226-0555
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975064/aaaaadjf.tel
Line Count: 235
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAR 2003 by PhilliR0>; APPROVED <12 MAR 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SEVENTH SESSION UNCTAD COMMITTEE ON MANUFACTURES BEGIN SUMMARY: UNCTAD COMMITTEE ON MANUFACTURES CONCLUDED
TAGS: ETRD, UNCTAD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006